



Federal Communications Commission  
Washington, D.C. 20554

AUG 4 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. Brian Kay  
P.O. Box 303  
Sandpoint, ID 83864

Dear Mr. Kay:

Thank you for your electronic mail message to President Clinton regarding a "telephone tax" or fee that has been added to some consumers' telephone bills by carriers to recover their contributions to the universal service support mechanisms. The White House has asked me to respond to your inquiry.

On May 7, 1997, the Commission, as required by the Telecommunications Act of 1996 (1996 Act), adopted a first Report and Order to implement the Federal-State Joint Board's recommendations on universal service. The Commission established universal service support mechanisms that fulfill Congress's goal, as stated in Section 254 of the 1996 Act, of ensuring that affordable, quality telecommunications services are available to all American consumers, including those located in high cost, rural, and insular areas and low income consumers. In addition, these mechanisms implement Congress's mandate to ensure the nation's classrooms' and libraries' access to the vast array of educational resources that are accessible through the telecommunications network. These support systems also will link health care providers located in rural areas to urban medical centers so that patients living in rural America will have access, through the telecommunications network, to the same advanced diagnostic and other medical services that are available in urban communities.

In the 1996 Act, Congress stated that all telecommunications carriers that provide interstate telecommunications services must contribute on an equitable and nondiscriminatory basis to universal service. The Commission implemented this statutory provision by requiring all telecommunications carriers to contribute to the universal service support mechanisms. Neither Congress, nor the Commission, require carriers to pass this contribution on to their customers. To the contrary, carriers decide how and to what extent they recover their contributions. Carriers, however, may not mislead customers as to how they recover contributions and may only recover an equitable share from any particular customer.

The Commission is monitoring the universal service support mechanisms and their impact on telephone ratepayers. This issue will be carefully reviewed as the support mechanisms are administered.

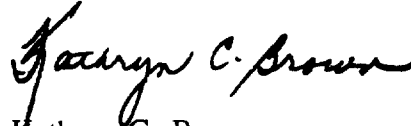
Enclosed  
2

Mr. Brian Kay

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Your e-mail has been placed in the official public record of the universal service proceeding (CC Docket No. 96-45). I appreciate your interest in these important issues.

Sincerely,

A handwritten signature in black ink, reading "Kathryn C. Brown". The signature is written in a cursive style with a large initial 'K'.

Kathryn C. Brown  
Chief

Common Carrier Bureau

Agfms / FCC

From nobody@www2.whitehouse.gov Tue Jun 2 22:01:41 1998  
Date: Tue, 02 Jun 1998 22:00:29 -0400  
From: Brian Kay <morningmouth@webtv.net>  
Subject: Inbound-White\_House\_WWW\_MAIL => PRESIDENT  
Apparently-to: president@WhiteHouse.GOV  
To: president@WhiteHouse.GOV  
Errors-to: The Postmaster <postmaster@www2.whitehouse.gov>  
Reply-to: Brian Kay <morningmouth@webtv.net>  
Message-id: <199806030200.WAA28461@www2.whitehouse.gov>

Keywords: WWW-Correspondence; ; Register disagreement with a position; Taxes;  
No Answer;  
Comments: Forwarded from White House WWW  
Comments: This message scanned by SCAN version 0.1 jms/960226

[Connection Information]

CLIENT: proxy-113.iap.bryant.webtv.net[207.79.35.33]  
BROWSER: Mozilla/3.0 WebTV/1.2 (compatible; MSIE 2.0)  
URL: http://www.whitehouse.gov/WH/Mail/html/Mail\_President.html

[Sender Information]

PERSONAL-NAME: Brian Kay  
EMAIL-ADDRESS: morningmouth@webtv.net  
ORGANIZATION:  
RELATIONSHIP:  
STREET-ADDRESS: pobox 303  
CITY: sandpoint  
STATE-PROVINCE: idaho  
ZIP-CODE: 83864  
COUNTRY: usa

[Message Information]

PURPOSE: Register disagreement with a position  
TOPIC: Taxes  
AFFILIATION: No Answer  
SUBJECT: e-rate taxes

[Message]

Is it true that the E-Rate Program is a tax that is being hidden from the American people in our long distance phone bills? Is it true that it is mandated to be administrated by AT&T? Is it true that it will be implemented by the FCC? Is it true that E-Rate is a tax imposed on the American people without the benefit of congressional legislation or approval? Why is it being kept quiet from the general public? Are you aware that it will cause a tremendous public outcry? Will you

please answer these questions for me and tell me what you are planning to do about it? Thank you in advance for your swift response, Brian.